PRODUCTION RATE  The Federal Reserve Board reported that industrial production in the nation's factories, mills, and mines was the same in February as in January. Production in February stood at 146 on the seasonally adjusted index which uses average production in the years 1947-49 as a comparison basis of 100. Steel production was about the same in February as in January, but it declined in the first half of March, contrary to the usual trend. The Board said this might reflect the fact that industries which consume steel were no longer keeping as large stocks of steel on hand as in the past. (Mooney. N. Y. Times, 3/16 p.29)

TIGHT-MONEY FEARS  No one should expect the Federal Reserve to be an "engine of inflation"—to pour out money in the endless stream that would be necessary to meet every demand for credit without an increase in interest rates, William McChesney Martin, Jr., Chairman of the Board of Governors of the Federal Reserve System, told the Economic Club of New York. He said the problem of easing the tight money situation, while at the same time lessening the dangers of inflation, "is not insoluble". The present situation, Mr. Martin noted, has not been brought about by a reduction in the money supply. "Actually," he said, "the money supply has increased and so has its velocity, or turnover." The tightening effect has been produced by the intensity of demands for credit. Mr. Martin said that the tight money problems could be solved in an economy as strong as ours "by a reduction in spending and an increase in savings brought about by market forces". (N. Y. Herald Trib., 3/13 II p.8)

EMPLOYMENT SETS  More people were at work last month than in any other FEBRUARY RECORD  February in history. Employment turned upward after having declined 3 straight months. A joint statement of the Commerce and Labor Departments showed the rise amounted
to 600,000 and increased the number of jobholders to 63.2 million. The increase was relatively big for mid-winter but part of the rise marked a recovery from an "unusually large" January drop of 1.7 million. (Slevin. N. Y. Herald Trib., 3/13 p.2)

This was the first month the Government has counted employed and unemployed persons on a new basis that takes into account persons temporarily laid off or out of work pending the start of new jobs within 30 days. This change in the employment-unemployment account reduced the employed total by 200,000 to 300,000 and raised the unemployed total by the same amount. (Wall St. J., 3/13 p.5)

HOUSING STARTS
LOWEST SINCE '49

The Labor Department reported new private home building in February fell to a seasonally adjusted annual rate of 910,000 units--the lowest level for any month since May 1949. The Department's report on housing starts noted that last month was the first time since December 1951, that the adjusted annual rate of private home building dropped below 1 million units. Builders started only 62,500 private units in February, just 3,000 more than January. (Wall St. J., 3/18 p.13)

CAPITAL OUTFAYS
TO SET RECORD

Business men plan to spend a record total of $37.5 billion on new plants and equipment this year. A survey by the Securities and Exchange Commission and the Department of Commerce indicated an increase of more than $2 billion, or nearly 6 1/2% over 1956. This contrasts with an increase of 22% in 1956 over 1955. Manufacturers plan an 8% increase over last year; public utilities, 23.8%; and railroads, 19.3%. Commercial companies, however, plan cutbacks totaling about 6%. Mining companies expect a decline of about $20 million from last year's total of $1.24 billion. (N. Y. Times, 3/14 p.41)

J AND K SAVINGS
BOND SALES TO END

The Treasury Department formally announced that it will "terminate" sales of Savings Bonds Series J and K at the close of business April 30. This is in harmony with earlier advices that these two types of savings bonds had served their purpose, which was to attract institutional investors including pension funds. (Amer. Bkr., 3/15 p.1)

TREASURY REOFFERS
FEBRUARY ISSUES

The Treasury, hard pressed for ready cash, offered investors another chance at two securities originally offered in a refunding last month to raise $3 billion of new money. The securities are $750 million of 3 1/2% notes due May 15, 1960, and $2.2 billion of 3 3/8% certificates due February 14, 1958. Subscription books will be open for one day only, March 18. At the same time, debt managers said they were giving
"careful consideration" to putting out a new long-term bond in exchange for about $1.5 billion of Series F and G savings bonds maturing in 1957. A decision is promised "within a few weeks". (Wall St. J., 3/15 p.2)

PERSONAL SAVING SHOWS UPWARD TREND There is a growing tendency to save more and to spend less of current income. The Department of Commerce has reported that personal savings, in the final quarter of 1956, were 7.6% of personal income. A year before, the proportion of personal income saved for the period was 6.8%. Skepticism of these savings statistics has been fostered by the fact that savings institutions and life insurance companies did not show any material gain in net savings received. This discrepancy is explained by two developments. First, part of the rise in "personal savings" reported by official statistics reflected a smaller increase in consumer and home mortgage indebtedness than occurred the year before. A second and more significant explanation is the growing volume of personal savings flowing directly into Government or corporate securities. (J.I.B. J. of Comm., 3/12 p.1)

PATMAN MONETARY The Rules Committee of the House of Representatives STUDY BACKED voted in favor of having the House Banking Committee conduct a sweeping investigation of national monetary and credit policy, thus endorsing the resolution of Rep. Wright Patman for a Congressional study. The resolution must still be voted on by the House itself. The action represented a major setback for President Eisenhower's proposal. He originally proposed, in his State of the Union message, a financial and monetary investigation by a group of private citizens appointed by the President. Later, as a compromise, Administration officials indicated they would be willing to accept on the commission the chairmen and ranking minority members of the Banking Committees. Officials of private financial groups have opposed Mr. Patman's proposal for an investigation conducted solely by members of Congress. (Wall St. J., 3/14 p.3)

OIL OUTPUT Last week, United States crude oil production hit a STILL AT PEAK record 7.8 million barrels a day, a gain of 294,250 barrels daily over the previous week and 650,600 barrels a day more than a year ago. From January 1 through February 27, 1957, 442,000 barrels of crude oil and petroleum products daily went to Europe from the U. S., the American Petroleum Institute declared. Last year's excessive stock of crude oil was relieved by the Suez crisis, which drained oil stocks from this country. If U. S. output is not cut back quickly when Middle East oil again flows more normally to Europe, oil men say, the January crude oil price advances of 25¢ to 45¢ a barrel might be in jeopardy. (Wall St. J., 3/15 p.10)
STEEL OUTPUT SETS FEBRUARY RECORD

Steel production in the U.S. last month averaged 356,679 net tons a day, a record for any February, the American Iron and Steel Institute reported.

That output compared with an average of 348,931 tons a day during the previous February and with the January average of 355,121 tons. Steel-making facilities were operated at an average of 97.5% of rated capacity last month, compared with the January rate of 97.1%. (N.Y. Times, 3/13 p.45)

WEEKLY STEEL OUTPUT AND FORECAST

Steel production last week fell to a new low for the year. The American Iron and Steel Institute reported that production last week, of 2,411,000 tons, was at a rate of 94.2% of capacity and predicted a further decline this week. Output last week was forecast at a rate of 94.9% and production at 2,429,000 tons. The Institute predicted the rate this week would be 92.7% and production at 2,370,000 tons. (Wall St. J., 3/12 p.28)

BRITISH SHIPYARDS OUT ON STRIKE

Britain's attempt to gain industrial leadership in Europe encountered a severe check when 200,000 shipbuilders and repair workers struck. The contest will affect more than the immediate issue of whether the workers receive the 10% increase they demand. The central issue is whether the unions are to "milk" the employers for sizable yearly wage increases regardless of the state of the British economy. The Confederation of Shipbuilding and Engineering Unions intends to call out on strike next Saturday some or all of the 2,500,000 workers it represents. The shipyard strike is the first of its kind to be called on a national basis in thirty years and affects shipbuilding orders of an estimated total value of $2.5 billion. There is also the possibility that the strike will snowball into a national general strike. The present strike is serious enough, but it is minor compared with the damage a general strike would do to Britain. (Middleton. N.Y. Times, 3/17 p.1)

RECORD EGG OUTPUT DEPRESSES PRICES

Despite increased Lenten demand and heavy buying for storage, a record production pace has pushed egg prices to their lowest levels for this season in 15 years. Currently, top grade eggs are selling at a bargain 31 cents a dozen wholesale, roughly eight cents under prevailing prices a year ago. Egg output in the first two months of this year hit almost 866 million dozen, about 6 million more than in the 1956 period. At the current rate, production this year is expected to climb to a record high, topping 1956 by 2%. (Wall St. J., 3/18 p.18)